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Supreme Court of the United States

OCTOBER TERM, 1941.

No. 587

J. F. REICH, DOING BUSINESS AS AUTOMOTIVE PRODUCTS CO., PETITIONER,

VS.

CHAMPION SPARK PLUG COMPANY, A CORPORATION, RESPONDENT.

PETITION FOR A WRIT OF CERTIORARI and BRIEF IN SUPPORT THEREOF.

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PETITION FOR A WRIT OF CERTIORARI.

To the Honorable the Justices of the Supreme Court of the United States:

The petition of J. F. Reich, doing business as Automotive Products Company, respectfully shows to this Honorable Court:

A.

SUMMARY OF MATTER INVOLVED.

Respondent is a manufacturer of spark plugs. Petitioner is a reconditioner of used spark plugs; and is engaged in the business of buying spark plugs after they

have been used and discarded by the original users, and of repairing and restoring them to usefulness, and reselling them to the public as second-hand, used, and repaired spark plugs.

The action is one for alleged infringement of registered trade-marks and alleged unfair competition in trade. Respondent, as plaintiff in the courts below, filed its bill of complaint against petitioner (defendant in the courts below) alleging, among other things, that defendant, fraudulently and with intent to deceive the public and thereby obtain the trade and custom of those who desire to purchase plaintiff's new spark plugs, acquires spark plugs originally manufactured by plaintiff which have been discarded by the owners, subjects them to defendant's reconditioning processes and treatments, and sells or causes them to be sold to the motoring public as genuine Champion spark plugs without removing plaintiff's trade-marks therefrom, purposely retaining said trade-marks as a means to deceive the motoring public into purchasing defendant's reconditioned spark plugs as new and genuine Champion spark plugs (R. 13); that, with the purpose and intent of furthering such deception, and of palming off on the motoring public his reconditioned spark plugs as and for new and genuine Champion spark plugs, defendant packs his reconditioned spark plugs in cartons and containers bearing plaintiff's trade-mark "Champion" and plaintiff's type numbers on both ends thereof (R. 14).

The prayer of the bill asks, among other things, that defendant be enjoined from selling his reconditioned spark plugs without removing plaintiff's trade-mark and type numbers therefrom, painting the metal shell and bushing nut of each spark [illegible]nt paint of some attractive color, indenting the w[illegible] in one face of the hex portion of the metal shell and [illegible]ing the letters thereof with white paint (R. 19); and that defendant be enjoined from using the word "Champion" in any form or combination in connection with the sale or advertising for sale of used spark plugs (R. 20).

Defendant's answer (R. 159 to 171) admits that he reconditions and sells Champion spark plugs without removing the name or type numbers therefrom (R. 165), but denies any intent to deceive the public, and alleges that the public has the right to be informed of the fact that defendant's reconditioned spark plugs were originally manufactured by plaintiff and that defendant has the right to leave plaintiff's trade-mark thereon for the purpose of disclosing that fact to the public (R. 166).

During the proceedings in the District Court (Western District of Missouri, Western Division) defendant filed a motion (R. 247) for denial of injunction on condition that defendant alter his method of doing business by packing each plug in an individual carton bearing a legend advising the public that the plug contained therein, while not new, has been restored to usefulness by defendant's process; and by indenting in the hex portion of the bushing nut on each plug the words "Repaired by A. P. Co."; and by printing on the exposed end of each carton the legend "Repaired spark plug. Make Champion, Size ..... Type ..... Automotive Products Co." Upon final hearing the district court denied injunction (R. 351, 352) holding that defendant's altered method of doing business fully protects plaintiff against infringement and fully advises the public as to what it is purchasing, and entitles defendant to continue his business without the restraint of injunction (R. 429).

Plaintiff appealed from that part of the district court's decree denying injunctive relief (R. 354), and the United States Circuit Court of Appeals (Eighth Circuit) has, by its opinion (R. 439), ordered that the decree of the district court be so modified as to enjoin the sale by defendant of repaired spark plugs manufactured by plaintiff without first removing plaintiff's trade-mark and type numbers therefrom and to enjoin defendant from selling his repaired spark plugs in cartons on the end of which plaintiff's trade-mark and type numbers have been stamped or printed (R. 446).

B.

THE QUESTIONS PRESENTED.

1. Does defendant have the legal right to retain plaintiff's name and type numbers on the spark plugs which he reconditions and repairs and to sell them as repaired spark plugs without removal of such name and type numbers?

2. Does plaintiff have the legal right to require that its identity as the original manufacturer of such reconditioned spark plug be concealed from the buying public by removal of its name and trade-mark therefrom?

3. In view of the unchallenged finding of the district court that defendant's method of marking each plug "repaired" and packing same in a carton properly labelled to show that it is not new adequately notifies the public as to what it is buying, thereby fully distinguishing defendant's product from that of plaintiff and, in the absence of evidence of deception of the public, can defendant legally be held guilty of either trade-mark infringement or unfair competition?

4. Does the claim that defendant's reconditioned spark plugs have, through usage and repair, lost some of the high qualities of plaintiff's new spark plugs, destroy defendant's right to disclose the identity of plaintiff as the original manufacturer thereof?

5. Can defendant legally be denied the right to reveal the identity of plaintiff as the original manufacturer by printing or stamping the word "Champion" on the ends of defendant's cartons, in view of the fact that the word "Repaired" also appears thereon so prominently that no attentive buyer could possibly be deceived thereby?

C.

THE JURISDICTION OF THIS COURT.

1. The writ of certiorari is applied for under Rule 38 of this court and Section 344, Title 28, United States Code Annotated (Section 240, Judicial Code, as amended by Act of February 13, 1925, 43 Stat. 938), and is the proper remedy.

2. The writ is applied for to review the decree of the United States Circuit Court of Appeals, Eighth Circuit, rendered by that court on July 23, 1941, in case No. 11910, Civil, *Champion Spark Plug Company, a Corporation, Appellant, versus J. F. Reich, Doing Business As Automotive Products Company, Appellee.*

3. The said decree sought to be reviewed is a final decree (R. 448) in said circuit court, as of date July 23, 1941.

D.

REASONS RELIED ON FOR ALLOWANCE OF THE WRIT.

1. The said circuit court of appeals has decided a federal question in a way probably in conflict with applicable decisions of this court, in this, to-wit:

(a) This court has held in *Prestonettes, Inc.*, v. *Coty*, 264 U. S. 359, that there is no such sanctity in a trade-mark as to prevent its being used to tell the truth; while the circuit court of appeals, in the case at bar, has ruled that the truth must be *concealed*, by removal of plaintiff's name and trade-mark. There is no difference in principle between the use made of the word "Coty" in the reported case, and the use made of the word "Champion" in the case at bar.

(b) This court has held, in the *Prestonettes Case* (*supra*), that the fact that the trade-marked product was deteriorated by defendant's use thereof did not prevent defendant in that case from using the name "Coty" to tell the truth; while the circuit court of appeals, in the

case at bar, has ruled that the fact that the spark plugs reconditioned by defendant have, through use and repair, lost some of the high qualities of plaintiff's new spark plugs, operates to prevent defendant from retaining the trade-mark for the purpose of telling the truth as to the identity of the original manufacturer.

(c) This court has held, in *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict*, 198 U. S. 118, 140, and in *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111, 120, 121, that no action for unfair competition in trade can exist unless it be shown that defendant conducts his business so as to palm off his goods for those of plaintiff; while the circuit court of appeals, in the case at bar, in the face of the unchallenged finding of the district court that the public is adequately informed and not deceived, has ruled that defendant must conceal plaintiff's identity as the original manufacturer of the product which defendant repairs, by removing plaintiff's trade-mark therefrom.

2. The circuit court of appeals has decided an important question of federal law which has not been, but should be, settled by this court, in this, to-wit:

(a) The decision of the circuit court of appeals amounts to a holding that no one may repair and resell a used, trade-marked commodity without destroying evidence of the identity of the original manufacturer by removal of the trade-mark. The principle of law that unfair competition and trade-mark infringement exists only where deception is practiced has thus been abrogated. It is submitted that the far-reaching effect of that decision is of such importance that the questions involved ought to be settled by this court.

(b) The right of the public to have convincing evidence of the identity of the original manufacturer of second-hand articles by retention of the trade-mark is an important right arising under the trade-mark laws of the United States, and should be preserved by authoritative decision by this court.

3. The circuit court of appeals has so far departed from the accepted and usual course of judicial proceedings as to call for the exercise of this court's power of supervision, in that the decision sought to be reviewed is wholly at variance with the established rule of unfair competition and trade-mark infringement that equity will not enjoin against telling the truth, and that the use of a trade-mark or trade name in such manner as not to deceive the public is not improper.

Wherefore, your petitioner respectfully prays that a writ of certiorari may be issued out of and under the seal of this Honorable Court directed to the United States Circuit Court of Appeals, Eighth Circuit, to certify and send to this court for its review and determination on a day certain to be named therein, a full and complete transcript of the record and all proceedings in the cause numbered and entitled on its docket No. 11910 (Civil) *Champion Spark Plug Company, a Corporation, Appellant,* v. *J. F. Reich, Doing Business As Automotive Products Company, Appellee,* and that said judgment and decree of the United States Circuit Court of Appeals, Eighth Circuit, may be reversed by this Honorable Court, and that your petitioner may have such other and further relief in the premises as to this Honorable Court may seem just and proper; and your petitioner will ever pray.

J. F. Reich,
Doing Business As Automotive Products Company,
Petitioner,

.....,

By DONALD W. JOHNSON,

.....,

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